Advanced MANAGEMENT

JULY
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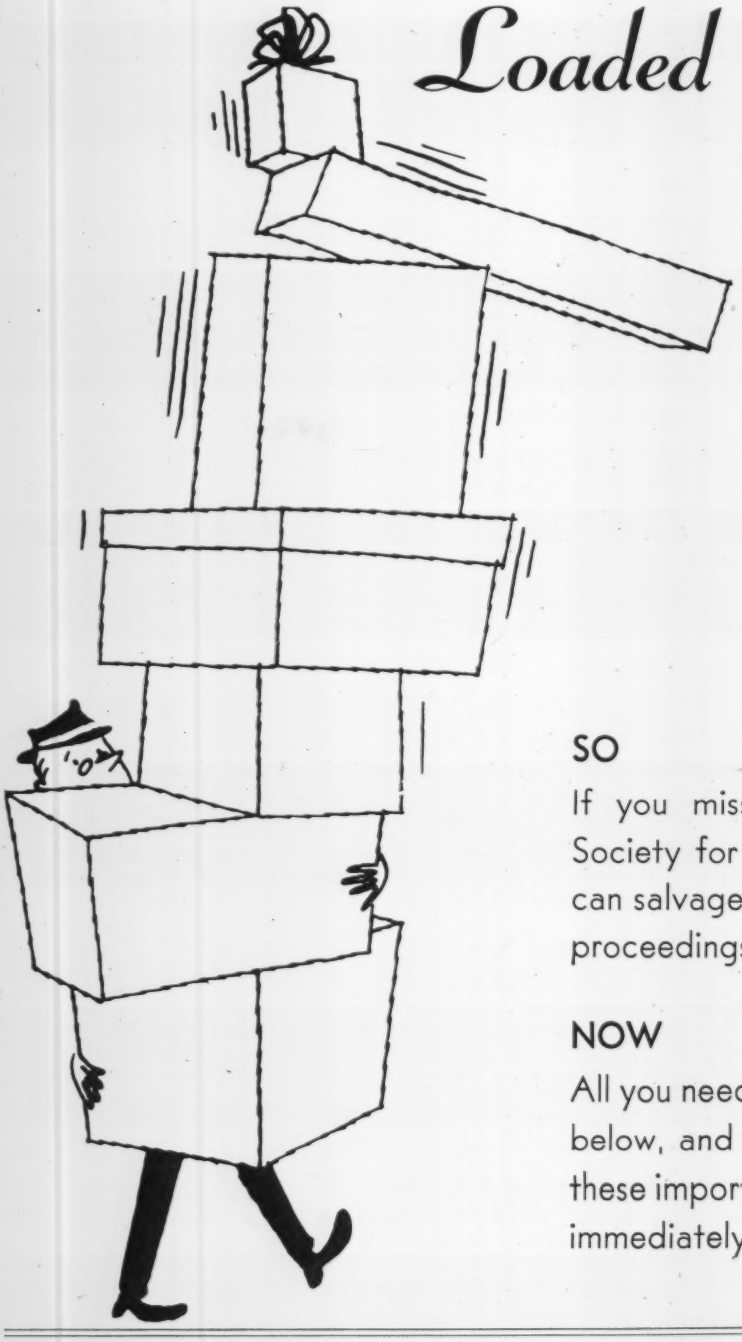

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S.A.M. Constitution

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The Purposes and Objectives of S.A.M.

AS OUR SOCIETY enters its twenty-first year, it may be well to reflect upon its beginning and the purposes and objectives for which it exists. In 1936 when S.A.M. was formed, through the merging of The Taylor Society and The Society of Industrial Engineers, the membership was, in large part, composed of industrial engineers. Since that time, there has been a gradual development toward a broader membership base until today the Society is in a position to serve the interests of anyone in management and those preparing to enter this field. Within the structure of the national and chapter programs, anyone desiring to pursue a course of self-improvement in the field of administration can find opportunities to advance his knowledge and abilities.

It goes without saying that providing opportunity for individual improvement is the first and most important function which the Society performs. People join S.A.M. so that they may become informed on established managerial practice and keep up-to-date on that which is new. The facilities of the Society make it practicable to pursue interests in specialized areas, as well as the broad field of management.

The second basic function which the Society performs is research — research in new managerial procedures, practices and concepts. Original research in the Society is, for the most part, performed at the national level. However, a very essential research function which can and should be performed at the chapter level, with or without national level assistance, is the cataloging and study of new developments in the field of management. A thorough study of such developments can provide resource material for chapter programs which is both fresh and of consequence. The study of the latest developments in administration and the integration of this material into chapter program as the basis of program content is, of course, directly related to the individual improvement objective of the Society. The member, who has a strong desire toward self-improvement and has the opportunity of exploring stimulating new managerial concepts can indeed benefit profoundly.

The third, and relatively new function of the Society, is that of public service. It is not surprising that a growing number of community institutions are calling upon our chapters for consultation in connection with the solution of administrative problems. This newer area of activity provides unique opportunity for S.A.M. members to render a needed community service and at the same time, benefit individually from the experience of helping to work out managerial problems in different types of organizations.

Thus, it seems to me, that we can say that there are three basic and inter-related purposes of S.A.M. today: individual improvement, research and study of new and better ways of doing things in management, and community service.

H. E. Lunken
S.A.M. National President

HENRY BELIN DU PONT has been active in the fields of finance and in engineering education since he graduated from college with an A.B. in mechanical and aeronautical engineering. He also did postgraduate work in these fields at Massachusetts Institute of Technology where he received a B. S. Mr. du Pont is also President and a Director of Christiana Securities Company and a Director of the Wilmington Trust Company. He has been Director of the Remington Arms Company since 1946 and a Member of the Board of General Motors Corporation. He is also a Director of North American Aviation, Inc.

New Paths For New Pioneers

By Henry B. du Pont
Vice President, Director and
Member of Executive Committee
E. I. du Pont de Nemours & Company
Wilmington, Delaware

THE MOST direct and most obvious method we can employ in the development of the nation is the continuing development of new business enterprise, for it is the most essential element of our national prosperity. I am sure you must recognize that our strength as a nation is in direct proportion to the state of our industrial and economic strength. It is a simple matter of cause and effect.

All of us are sympathetic, of course, to the natural desire of each of our states and cities to grow and prosper. In a broader sense, however, the big problem is not one of shifting from one location to another or of building up one section at the expense of another. The problem is to bring into being a continuing flow of entirely new business —new business which will represent a net gain to the economy. A new manufacturing plant which simply replaces one in another section or substitutes one product for another has little to contribute, and in time it too could be displaced by yet another. The important thing is to build enterprise which augments the existing situation through the creation of opportunities which did not previously exist.

In recent years, the United States has been particularly successful in increasing the number of important industries which have progressed, not through replacement, but through supplementing the old with the new. We have, for example, the aircraft industry, electronics, commercial aviation, natural gas, plastics and other chemical developments, air conditioning, frozen foods, and others.

This is what we might call industrial pioneering—the opening up of new fields for development. A continuation and further expansion of this industrial pioneering is essential if our rapidly growing nation is to maintain and further improve its standard of living. In my opinion, there are far more opportunities for new pioneering developments leading to industrial expansion than ever before, for the results of the long-range research programs being undertaken by industry are bound to bear fruit over the next 25 years, just as they have in the past.

But research and development in this highly technical age frequently take a great many years of hard and painstaking work. Just as an example, when I went to work at the General Motors Engineering Laboratories back in the mid-twenties, one of my assignments was in the field of fuel injection. This year, for the first time, I note that some of the 1957 automobiles will feature fuel injection. It is very often a long haul between a bright idea and the realities of technical development, commercial production and market acceptance.

It stands to reason, however, that the effort and the investment which industry has been pouring into its research programs should bring about an increasing pace of industrial growth. Twenty-five years ago, the industrial community was spending less than half a billion dollars a year for research and development; today, it is spending nearly six billion dollars annually, a gain of more than twelve times. It would be strange indeed if these various exploratory efforts did not produce many startling results.

The anticipated growth of the business establishment has already justified economists in predicting that, by 1977, the nation will have a total of almost six million business firms, a gain of about 40 per cent. It is expected that, by the close of this 20-year period, there will be about one and a half million more small business units than there are today and about twice as many large firms. So, throughout the country, if we are to keep up with the needs of our growing population, we will be obliged to create hundreds of thousands of new business ventures which, in the aggregate, will employ something like twenty million more people than are now engaged.

Now, unfortunately, we may get the impression from time to time that, be-

cause there has been a substantial growth among some large corporations in recent years, it is almost impossible for a new enterprise to get started. It is unfortunate, also, that so much of what we read and hear on this subject appears to be negative at the expense of the positive, and often at the expense of the truth.

I SAW a new book the other day, for example, which concerned itself for more pages than I cared to read with the difficulties a newcomer might have in entering the steel business, or the aluminum business, or the petroleum business. The author turned his back, however, on the fact—and this is a fact—that thousands of new businesses are established each month and, while it is true that a number of them fail for one reason or another, we have had a net gain of a million or about two thousand a week in 10 years.

At no time in history has opportunity knocked at so many doors, nor has a new enterprise been tendered so many helping hands. The fact is that people do go into business every day and they do make a success of themselves.

People go into business and, when they have a new idea with merit to present, the rewards of pioneering can be considerable. Successful innovation today rings a louder note on the cash register than ever before, simply because our expanding economy has created such a huge market of eager buyers. Certainly, the facts of commercial history over the past 10 years dispel any notion that new ventures are doomed to fail. We have frozen orange juice, the home permanent wave, the electric razor, and the plastic bottle. We have detergents; we have instant coffee and instant cookies; we even have Scrabble —all of them representing new ideas that found a ready acceptance in the marketplace and a successful record for their producers.

It is an odd thing that many of the critics of our business system seem to think that conditions were much more sympathetic to the creation of new business opportunity in the days when the country was young, before the era of big business, for example. The fact is, however, that starting a new business then was much more difficult. The other day, I was reading a report presented to the Congress back in the year 1814 which outlined in considerable detail both the needs of the country for a substantial manufacturing establishment and the difficulties which then stood in the way of the prospective entrepreneur. Capital, for example, was extremely scarce. Markets were limited. Communications and transportation were slow and hazardous which meant that collections were delayed and credit risks were multiplied.

The good old days in this respect were not so good as some would have us think, except in one important respect—with the birth of the new nation, there had been born a new concept of freedom for the individual. It gave us a way of life which, by unleashing our energies from unnatural restraints, would bring forth the best effort of all the people.

That is precisely what our new freedom did. Men were free to pursue their own destinies, and so there was brought about a period of progress so staggering that it is difficult even now for us to appreciate its speed or its scale.

The other day, I saw a motion picture about the adventures of Marco Polo. That good pioneer's exploits were remarkable, but let's recall that the great Venetian fleet of the 13th century actually carried less gross tonnage than we move today in a single freighter. The total goods imported into France over the Gothard Pass during any year of the eighteenth century would scarcely fill the waybill of a single boxcar on an American railway.

The great advance in industrial output has come through industrial pioneering. The technology we have developed makes the difference between abundance and want, between civilization and savagery, and, in some phases of history, between survival and destruction. It is the difference between the superhighway and the cow path, between the comfort-filled split-level and the bare log cabin, between the 8-hour day and dawn-to-dusk toil, between nylon and homespun, between the deep-freeze and the root cellar, between the oil burner and the pot-bellied stove.

As early as 1814, it was recognized that the way to progress lay in producing more goods with greater output per unit of human effort. The report to Congress which I mentioned earlier concludes with the comment that "our need is for these wonderful machines, working as if they were animated beings, which may be justly considered as an immense body of manufacturing recruits enlisted in the service of the country."

Thus, from the very outset our country has been developed by pioneering—first in the conquest of its mountains and its wilderness, then in developing its scientific and industrial potential. That potential assumes more enormous proportions every year if—and only if—industry is able to go on developing new technology and bringing it to the service of the country.

The people of every state recognize the need for attracting new enterprise. Some go to extraordinary lengths to bring in new plants and new industrial installations. They set up boards and agencies and send out missionaries to sell industry on the advantages of their location. Some even offer substantial tax inducements such as a 10-year period in which taxation is waived.

Speaking only for myself and for the Du Pont Company, we are less impressed by this sort of inducement than we are by the atmosphere and the attitudes of people toward industry. We have, for example, never sought tax-free status—our feeling is that, if we associate ourselves with a community, we should bear our full share of its operating expense. On the other hand, we would be most reluctant to cast in our lot with some states in which we feel the prevailing attitude toward industry is unfriendly or lacking in understanding. The problem confronting us on the state level is no different than that which concerns all industry on the national level; the problem lies in the climate or the environment which either encourages or discourages the establishment of new undertakings.

JUST what does industry regard as a desirable climate? Does it want special favors, special privileges, special treatment? I assure you that industry is not looking for special advantages either on the state or on the national level. Yet by the same token, industry feels that it should not be exposed to special penalties, special harassments, nor special burdens either.

Unfortunately, there is a tendency in some quarters to think of the corporate citizen as an inanimate object which can be prodded without pain and which can be attacked without actually harming anyone. And when the corporation in question is a large one, its vulnerability in this respect increases proportionately.

The fact is that a corporation is not an inanimate being. It is simply a group of people joined together to do something that they cannot do as individuals

A large corporation—or what we call big business—is simply a larger group of people who have pooled their skills, their labor, and their funds to do something which a smaller group could not do. But, large or small, the corporation is people and, if these people are penalized in their collective role as a corporation, they are, at the same time, penalized as individuals.

So, in appraising the economic environment, industry must be watchful against indications of special disfavor. It must be on guard against measures which would deprive the corporation of the rights and guarantees which are properly those of any citizen, either individually or collectively.

For example, there has been proposed in Congress a bill that would tax corporations in a discriminatory way at progressively higher rates, so that a very large company would have to pay a higher percentage of tax on its earnings than one not so large.

THIS would simply mean that a large group of people would have to pay taxes at a higher rate than a smaller group—it would put a penalty on people simply because a large number of them have joined together in a cooperative enterprise. It would be like saying that individuals who live in a large state should pay federal taxes at a higher rate than those who live in a small state, that the three million people of Kentucky, for example, should pay at a higher rate than the million people of Oregon, for instance, or the three hundred thousand people of Delaware! Or that members of a 90-piece symphony orchestra should pay higher union dues than those of a five-man combo, or that tall men should pay more than short!

It is, obviously, a bad and inequitable proposal, and one that could hurt a great many people if it should be taken seriously. Anything that penalizes the group must, in the end, penalize all participants; when we strike at the corporation, we strike at its stockholders, its employees, its customers—all three.

Industry naturally reacts unfavorably to being a special target, and the attitudes which special attacks reflect cannot help but retard progress, whether they are applied at local, state, or national levels. They will slow down the rate of expansion and growth and, in so doing, militate against the interests of the country and each of its subdivisions everywhere.

Barring interruptions, I feel very certain that the prospects for industrial development are unlimited—I feel that the venturesome spirit of our people can lead us to new heights in both a material and a cultural sense. Pioneering in our day has turned from working the land to the far more challenging exploration of the physical sciences. The frontier which confronted Daniel Boone when he crossed the mountains into Kentucky a century and a half ago seemed limitless, yet we can now see that the physical frontier of 1800, great as its potentialities were, was but a patch of woods compared to the new kind of frontier which is spread before us today.

There is, however, one note of warning which I think we must observe. I am afraid that we have developed a feeling in recent years that progress is somehow automatic, that success comes along as a matter of course. We have reached a stage in which nearly everyone can go to college, and each year we see frantic bidding for our new graduates. I sometimes think that many of them must have a distorted picture of the requirements for success in any undertaking.

The fact is that the rules of pioneering haven't changed and the rules of success haven't changed. The rewards and the gains will go only to those who are willing to work hard for them.

We must remember that pioneering in industry entails the same kind of difficulties and struggles and frustrations as those faced by Daniel Boone and all other pioneers of every age. Those who would lead the way must learn to face the risks and the hazards, the obstacles and the obstructions. They must learn to overcome them with the same high courage and high resolution that have always characterized the pioneer.

The easy paths inevitably lead downhill. The paths that scale the heights are hard and slippery and treacherous, but the rewards, once attained, are the rewards of the pioneer: Hard won they may be, but well worth the winning. ■

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M. E. MUNDEL has served industry, business and the Army, in addition to his teaching experience. He has held the position of Industrial Engineer and Duroyd Die and Gasket Company, Tung-Sol Lamp Works; has been Consultant to Servel, American Steel Foundries, Acme Steel Company, Globe Valve Company, Sayco Value Company, Perfect Circle, L. S. Ayres, Walgreen Drug Company, General Fabricators, National Metal Trades Association, Army Ordnance Corps, Cudahy Brothers, Barber-Colman, Western Printing and Lithographing Company and others. He has taught Industrial Engineering at University of Iowa, Bradley University and at Purdue University. He is the author of two widely used textbooks, and has had over sixty publications of his works on Industrial Engineering and Management. He received his B.S. in Mechanical Engineering at New York University, and an M.S., Ph.D. in Industrial Engineering at University of Iowa.

Improving Organization And Performance Of An Industrial Engineering Department

By M. E. Mundel, Ph.D.

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This paper is adapted from a talk given by Mr. Mundel at Milwaukee before a meeting of S.A.M. Milwaukee Chapter members on October 13, 1955.

THERE is no single, preferred, specific organizational structure or position for an industrial engineering department. Nor can a single manner of operation be given that will apply to all situations. There are, however, certain general principles which, if properly interpreted, may increase its effectiveness.

The general principles may best be developed by first examining the basic task of management. Managers, or those members of an organization charged with the management function, have the task of designing, predicting the performance of, and controlling an integrated human group activity, the related physical facilities and the inter-relationships of the two. Within the group discharging this function we can usually recognize three levels: top managers—those performing the management function in relating outside factors to the organization and creating broad policies to be followed; middle managers—those translating these policies into action plans, and supervisory managers—those directing the employees who are directly employed with the end-product.

However, the typical responsibilities of top management—making decisions concerning the planning, operating and controlling of an integrated human group activity, the related physical facilities and the inter-relationships of the two (and as previously noted)—require that they create the positions of middle and supervisory managers and assign functions to them; in short, top managers are the source of organization.

Organization[1] is the design of a pattern of functions and people to assure accomplishment of predetermined objectives. There are six basic types of organization which may be employed, as shown in Figure 4. Usually, some mixture of these is chosen. Which type of mixture of types employed is influenced greatly by various factors, as listed in Figure 5. A consideration of these factors should convince anyone that the configuration will vary from plant to plant, from industry to industry and from time to time. Hence, our first conclusion is: The position of any group, such as industrial engineering, cannot be stated in simple specific terms that will apply to all occasions. Top managers must create a pattern reflecting their organizational needs.

The task of all levels of management should also be examined from a second point of view. The distinguishing feature of most managerial positions is the necessity of making decisions in respect to problems in which the answer may not be readily and routinely obtained.

[1] *Courtesy E. J. Jordan, Chief Industrial Engineer, Ordinance Weapons Command.*

In actual practice, a good deal of "leg work" by various members of the managerial group is necessary before a state is reached from which a decision can be made. A regular hierarchy of management exists, as shown in Figure 6. This hierarchy may exist within each of the three levels of management. Note that one group in this portrayal of the management hierarchy is entitled "Industrial Engineer". In a sense, this is a definition of industrial engineering. Before we examine the implications of this definition, let us go on to examine the areas in which "designs" are made, as shown in Figure 7.

It should be noted that in industries where the technology of the process, product, and equipment are relatively simple, the functions of the industrial engineer, as given in Figure 6, may be performed by a non-engineer. In other cases, the affect of the industry's technology on the problems may be such that the industrial engineering aspects are equalled in importance with the subject matter of other engineering fields dealing with energies or physical systems.

Let us also re-examine the position of

the industrial engineer or his prototype (as the particular industry requires) in respect to the types of organization listed in Figure 4 and his functions as given in Figure 6 and the areas of Figure 7.

From these materials it seems reasonable to conclude that industrial engineering is a staff service which combines advisory, service, coordinating and control activities. It is not "line management," as described in item 7 of Figure 6, although it may at times temporarily assume such duties.

We are now ready to draw certain conclusions!

1. Industrial engineering is essentially a staff serving line management. It may at times temporarily fill a space in line management, but this is a temporary assignment. It serves management rather than replaces it. In certain areas, its recommendations may be accepted without question so frequently that they appear at first glance to be line management decisions and unholy row may develop when, at long last, one is rejected. It may serve all levels of management.

CONSIDERING all of the foregoing, it would appear that an industrial engineering group can improve its performance if the group will keep, ever present before it, the staff nature of the work, and act accordingly. This implies two features; first, full recognition that the line management may not always accept the recommendations and second, inasmuch as the group is performing staff work, this work should be done in a proper manner. One of the most complete statements concerning this aspect comes from a reprint issued by the Ordinance Management Engineering Training Program, as follows:

"Completed Staff Work[2] is the study of a problem, and presentation of a solution, by a staff officer, in such form that all that remains to be done on the part of the head of the staff division, or the commander, is to indicate his approval or disapproval of the composed, completed action. The words 'Completed Action' are emphasized because the more difficult the problem is, the more the tendency is to present the problem to the chief in a piece meal fashion. It is your duty as a staff officer to work out the details, no matter how perplexing they may be. You may and should consult other staff officers. The product, whether it involves the pronouncement of a new policy or affects an established one, should when presented to the chief for approval or disapproval, be worked out in finished form.

"The impulse which often comes to the inexperienced staff officer to ask the chief what to do, recurs more often when the problem is difficult. It is accompanied by a feeling of mental frustration. It is so easy to ask the chief what to do, and it appears so easy for him to answer. Resist that impulse. You will succumb to it only if you do not know your job. It is your job to advise your chief what he ought to do, not to ask him what you ought to do. He needs answers, not questions. Your job is to study, write, restudy and rewrite until you have evolved a single proposed action—the best of all you have considered. Your chief merely approves or disapproves.

"Do not worry your chief with long explanations and memoranda. Writing a memorandum to your chief does not constitute completed staff work, but

[2] *Major General Archer L. Lorch, Provost Marshal General, U. S. Army.*

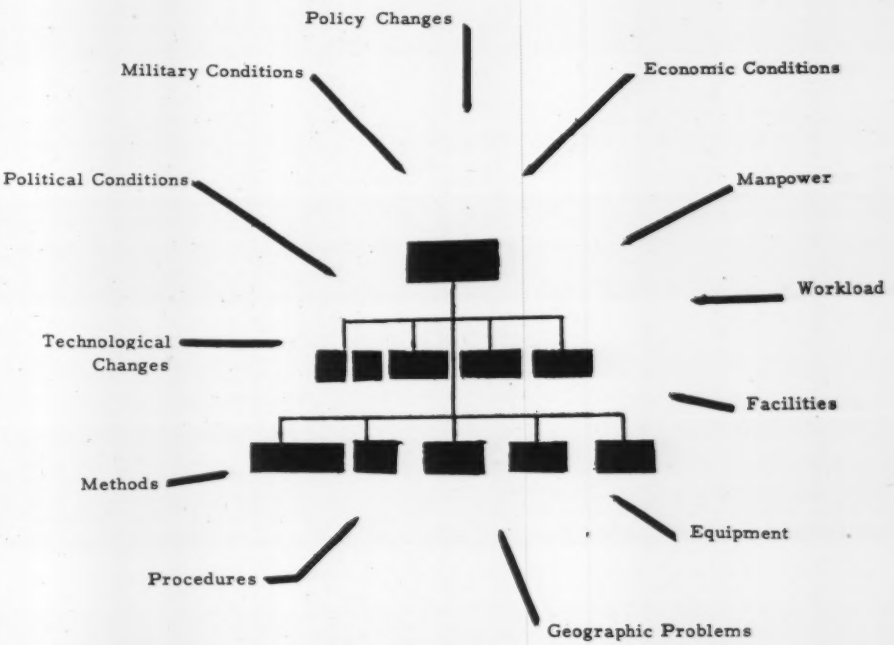
BASIC TYPES OF ORGANIZATION[3]

Line	
Staff	Advisory, Service, Coordinating, Control
Line and Staff	
Functional	Product Commodity or Service, Process or Method, Geographic Basis
Committee	

[3] *Courtesy E. J. Jordan, Chief Industrial Engineer, Ordinance Weapons Command.*

Figure 4

DYNAMIC FACTORS AFFECTING ORGANIZATION



[1] Courtesy E. J. Jordon, Chief Industrial Engineer, Ordnance Weapons Command.

Figure 5

SUB-FUNCTIONS OF MANAGEMENT[4]

TECHNICIAN

1. Developing or preparing data for use in a design.
2. Developing or preparing, under direction, part of a design or an application.

INDUSTRIAL ENGINEER

3. Being responsible for the preparation of part of a design or an application.
4. Being responsible for the preparation of a whole design, or an application.
5. Making decisions as to whether a design will be recommended.
6. Supervising the application of a design.

MANAGEMENT

7. Making decisions as to whether an application will be made (or a decision for action within the operating division).

[4] *From "Interim Report", Society for Advancement of Management Committee on Professional Industrial Engineering Standards.*

Figure 6

writing a memorandum for your chief to send to someone else does. Your views should be placed before him in finished form so that he can make them his views simply by signing his name. In most instances completed staff work for the signature of the chief without accompanying comment. If the proper result is reached, the chief will usually recognize it at once. If he wants comment or explanation, he will ask for it.

"The theory of completed staff work does not preclude a 'rough' draft but the rough draft must not be a half-baked idea. It must be complete in every respect except that it lacks the requisite number of copies and need not be neat. But a rough draft must not be used as an excuse for shifting to the chief the burden of formulating the action.

"The completed staff work theory may result in more work for the staff officer, but it results in more freedom for the chief. This is as it should be. Further, it accomplished two things: (1) The chief is protected from half-baked ideas, voluminous memoranda, and immature oral presentation. (2) The staff officer who has a real idea to sell is enabled more readily to find a market.

"When you have finished your 'completed staff work' the final test is this:

If you were the chief would you be willing to sign the paper you have prepared, and stake your professional reputation on its being right?

"If the answer is in the negative, take it back and work it over because it is not yet completed staff work."

AREAS OF ACTIVITY OF INDUSTRIAL ENGINEERS*

It is suggested that the sub-areas of activity (not functions) of Industrial Engineering are more or less as follows: (The list is not all-inclusive but reasonably indicative of the general area of activity although, in some organizations some of these functions may be given to other divisions.)

METHODS, in respect to:
- Production (including tools and equipment) or rendering of a service in a non-manufacturing activity; i.e., distribution.
- Jobs (direct and indirect labor)
- Clerical activities
- Services (including maintainance, materials handling, inspection)
- Layout (including production, office and storage areas)

TIME, in respect to:
- Production or the rendering of a service in a non-manufacturing activity; i.d. distribution
- Jobs
- Clerical
- Services

CONTROLS, in respect to:
- Production
- Work Staff Size
- Budgetary and Cost
- Materials and Product
- Wages and Salary
- Reports, forms and procedures
- Quality (including statistical quality control)

MEN, in respect to:
- Utilization (including methods and job training materials)
- Organization
- Wages, Salaries and Incentives

SURVEYS, in respect to:
- Facilities
- Functions
- Performance

* *February, 1953; Report to the Society for Advancement of Management of the Committee of Professional Industrial Engineering Standards.*

Figure 7

2. In all too many cases, industrial engineering groups limit their effectiveness by limiting their activity to the field of motion and time study applied to production. Indeed, many work with time study alone. To improve its performance, the industrial engineering group should attempt to serve in as many areas as possible of the list given in Figure 7, particularly those unmanned areas, which would be beneficial or profitable to the enterprise. It should further recognize how the service to different management levels will differ.

3. In all too many cases, the manning of the industrial engineering department is inadequate to the task it should be performing. Several avenues of improvement are available. Participation in technical and professional societies should be encouraged. Assistance may be gained by carefully selected attendance at short courses and seminars for industrial engineers, such as are operated by the Marquette Management Center. In addition, certain steps should be taken by industrial engineers in industry to assist in developing a long

range source of personnel. Assistance should be offered to local or nearby colleges to assist in improving the relatively few (and usually understaffed) curricula available in colleges in industrial engineering or introducing such curricula. The attempt to improve the potential supply of industrial engineers must begin to assume some equality with the attempts to meet the deficits in the supply of the other branches of engineering. In summary, to improve in respect to manning, the industrial engineers must seek competent help, obtain additional training as necessary,

METHODS IMPROVEMENT AUDIT

.....INSTALLATION
.....DEPARTMENT
.....DATE ENDING, PERIOD COVERED

I. METHODS PROPOSALS

a. .....Total proposals of method changes made to date.
b. .....Cumulative changes proposed prior to period and awaiting action.
c. .....Number of method changes proposed in period.
d. .....Number of changes acted upon.
..... 1. From prior periods.
..... 2. From reporting period.
e. .....Number of changes awaiting action (b + c — d).
f. .....Number of changes approved and approval %; $\frac{\text{Approved}}{\text{Reviewed}} \times 100$.
..... 1. From prior periods.
..... 2. From reporting period.
g. .....1. Total savings of accepted proposals from Method Proposal Summary Sheet cumulative for a year.
.....2. Average increase in production for reporting period.
.....3. List highest three.
.....
.....

II. TALLY OF CATEGORIES OF SAVINGS ACCEPTED DURING PERIOD

a. .....Fewer people.
b. .....Fewer steps.
c. .....Less time on a step or steps.
d. .....Less time in production.
e. .....Less space.
f. .....Less time for critical skills.
g. .....Less time on critical equipment.
h. .....Increased quality.
i. .....Less cost.
j. .....Less skill on step or steps.
k. .....Better control.
l. .....Miscellaneous.

III. NUMBER OF SOP'S PREPARED FOR SHOP METHODS

a. .....Revised.
b. .....New.

IV. SUGGESTION PROGRAM

a. .....Number of suggestions for period and cumulative.
b. .....Percent of employees submitting suggestions.
c. .....Percent and number of ideas approved.
d. .....Number of suggestions held over one month.
e. .....Cost savings resulting from suggestion program:
..... From reporting period.
..... Cumulative yearly.
f. .....Cost of administering program.

V. TRAINING PROGRAMS

a. .....Number of supervisors trained in Methods Improvement:
..... 1. In reporting period.
..... 2. Total.
b. .....Number of employees trained in Methods Improvement:
..... 1. In reporting period.
..... 2. Total.

Figure 8

keep abreast of the field and support a program to improve the supply for the future.

4. The industrial engineering group must assist in developing their proper location or locations in the total organization. They must actively seek to report to the decision making level they serve, rather than to a level which merely increases their status. The particular areas, of Figure 7, in which they work will influence the particular position assigned them. Indeed, several industrial engineering groups may exist, independent and separate if they serve different decision making levels. On the other hand, a multi-level responsibility may need to be assumed inasmuch as a line manager may find difficulty in obtaining assistance (staff service) from a man reporting completely, to a position above the manager. The line manager may fear he will receive "inspection" rather than assistance. The mere similarity of all the industrial engineers' method of serving need not necessitate a single organizational element. However, the proper attitude as indicated under conclusion 1 may be an appropriate solution when the engineer simultaneously serves several levels of managers.

OF COURSE, in addition, the industrial engineering group itself must be organized to meet its task. As its task changes, so may its organization.

5. The fifth area of improvement for industrial engineering groups lies in their reports to their superiors concerning what they are doing, and how much of it. The design of adequate reporting systems pose problems because of the coordinative nature of staff service. Certainly cooperation is not encouraged when one staff department claims credit for all the accomplishment, but this need not be a problem if the reports are truly reports of staff work. Further, an adequate reporting system will assist in applying industrial engineering to the industrial engineering group itself, in that a properly designed report should:

a. Be indicative of the areas where activity is required.
b. Indicate whether the staff activity is responsible to line management's desires.
c. Indicate the rate of activity so as to create a basis for future programming.
d. Indicate the worth of the performance of the function to the total organization.

DATE.....

WORK MEASUREMENT PROGRESS REPORT — PERIOD.....TO.....

1. STANDARDS ESTABLISHMENT.
   - A. Number of Standards at beginning of period. .....
   - B. Number of New Standards Established. .....
   - C. Total Number of Standards at end of period. .....
2. STANDARDS REVISION
   - A. Number of Standards in need of revision (loose-methods) at beginning of period .....
   - B. Number of Standards indicated as needing revision during period. .....
   - C. Number of standards revised. .....
   - D. Net result of those revised. .....
     - a. Estimated reduction in annual earned direct labor hours. .....
     - b. Estimated annual payroll savings. .....
   - E. Number of standards in need of revision at end of project. .....

.....
Submitted by

Figure 9

Two illustrations of sample report forms are shown, each covering but a single activity area. "The methods improvements group's report", from the Ordinance Management Engineering Training Program's suggested form is shown in Figure 8 and a "Work Measurement Report" form devised by C. Allen, Chief Industrial Engineer of Cudahy Brothers Company, during a period when a great many standards of performance were being revised, is shown in Figure 9. Similar reports may be devised for other areas of activity.

In summary, the performance of an industrial engineering group may be improved by:

1. Recognition of the staff nature of the function and the nature of true staff work.
2. Selection of the proper scope of activity.
3. Adequate manning and continual improvement of staff.
4. Attachment in the organization to the decision making level served.
5. The design and use of a suitable periodic reporting or "self-auditing" system. ■

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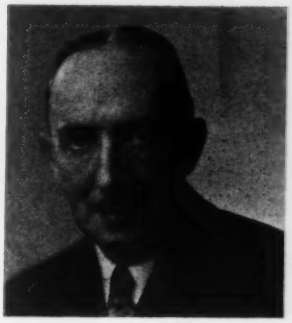


What Is Management?

By Alvin Brown
Vice President of Finance
and Director
Johns-Manville Corporation

NATURALLY, we all know what management is. It means — uh, you know—to run something. Doubtless, given time, we could also agree on some more erudite definition.

But any definition, within reasonable limits of length, would not help much. We need to know, as the logicians would say, the connotation of the name. Just what, in other words, is included in the body of knowledge that we refer to every day as "management"?

The question is not unimportant. Just as one example, our Society is devoted to advancing management. Surely, it has to know what it intends to advance. Nevertheless, while I have no doubt that particular members have an opinion about that, I beg leave to doubt that there is any consensus.

Back in the early days, for example, when our patron saint, Frederick W. Taylor, used the expression, "scientific management", it was (unless I have missed some of his teachings) strictly confined to shop (production) methods. Yet today I am sure that no one regards the term as being so limited.

At least three books bear the title, *Organization and Management.* That juxtaposition implies opposition; it implies that organization is one thing and management is another. That could be so, in the sense that first you organize and than you operate. But organization is not just a one-time thing: the best authorities agree that it should be a continuing activity, adaptive to changing conditions; and as such it would surely be a high concern of management. In fact, most writings about management these days say or imply that organization is one of its most important objects and skills.

To boil this inquiry down, does the term "management" include everything there is to know about industrial operation, or is it some delimited area thereof?

It may point up this inquiry to recognize two correlative distinctions in the concerns of management and industrial operation. There is a difference in many respects between a general manager and a functional manager. And there is an unqualified difference between what I shall here call functional and nonfunctional areas of knowledge and skill.

Let me describe the latter first. Organization is, of course, the act of arranging in interdependent parts, each having a special *function* with respect to the whole. Thus, we call those parts "functions". Anything that can or ought to be a part is a function, whether it be recognized or not. Examples are legion: product development, production, marketing, advertising, personnel, public relations, accounting, disbursement, and so forth. About each of these functions there is a more or less organized body of knowledge.

There are, on the other hand certain areas of knowledge and skill that are nonfunctional, in the sense that they are not and cannot be such a part as is above described. The outstanding example is leadership. The practice of organizational relationships is another. Still another is the knowledge of and accommodation to personalities (a matter that most men considered well enough even before the social scientists began their crusade). There are also the rather undefinable (or, at least, not defined, so far as I have read) ways of doing one's job; not the precise methods, but the way those methods are applied, such as in planning, communicating, making decisions, especially the reasonable balance between due reflection and prompt action.

The importance of the distinction between functional and nonfunctional becomes apparent when we consider the difference between a general manager and a functional manager. The two cannot be linked undiscriminatingly. A functional manager requires thorough mastery of his function; the nonfunctional skills can only be called secondary to this primary requirement. The general manager, on the other hand, need not be highly skilled in any of the functions (though the more he knows about them, of course, the better); his primary requirement is adeptness in the nonfunctional skills.

Well, when we talk and think about management, are we talking and thinking only about the general manager or also about the functional manager? Are we talking and thinking only about the nonfunctional areas of knowledge and skill, or also about packaging, insurance, mechanical computing, and patent law?

Somebody once said, "If you would debate with me, first define your terms", or words to that effect. I thought it was Voltaire, but I can't find it in Bartlett. Anyhow, whoever the author, it was one of the sagest things ever said.

So I'm asking: What is management? ■

HENRY VISCARDI, Jr., in addition to his work with Abilities, Inc., is Executive Vice President and Member of the Board of Directors of Just One Break, Inc. A former Director of Personnel Administration of the Burlington Mills Corp., and Assistant Director of Special Events and Sports for the Mutual Broadcasting Company, Mr. Viscardi has also served the government under three presidents, in an advisory capacity. In 1954 he was appointed to the National Advisory Council of the Department of Health, Education and Welfare's Division of Vocational Rehabilitation. Mr. Viscardi received a Presidential Citation in August 1954 for his work on the President's Committee for the Employment of the Physically Handicapped. He was named Citizen of the Year in June 1953 by the Junior Order of United American Mechanics and given a five thousand dollar award for his work in making useful citizens out of handicapped persons. He is a member of the faculty of the New York University College of Medicine, and he has written articles on his work for Collier's, The Saturday Evening Post, Readers' Digest, Nation's Business, Look and other magazines.

Can Disabled Workers Meet The Demands Of Automation?

By Henry Viscardi Jr.,
President and Member of
Board of Directors
Abilities, Inc.

WE HAVE watched, sometimes with fascinated admiration, the growth of the greatest industrial machine ever known. Its peculiar phenomenon can be summed up in one word—bigness.

Usually only those who have studied medicine may speak with authority on the subject of health. Only lawyers may discourse on the subject of law. Everyone, however, has something to say on automation these days. It is usually something profound and frightening, like the prediction of large production units of unbelievable automaticity or vast networks of business organizations, centralized to a degree only barely possible today.

I recognize that automation is far more than an extension of present-day mechanical gadgetry. Mechanization means the replacement of human power with mechanical power humanly controlled. Automation, going a step further, eliminates the human control.

What we tend to overlook is that small business will grow right along with the large. Jobbers, local distributors, service companies, will make up the industrial complex along with the even larger manufacturing units. Many people once employed at machines in the big factories may move into smaller companies in the distribution and service fields.

Necessity will dictate an economy that through technology will make possible much greater production with fewer and fewer people. Output per worker must climb twice by 1960 over the increases made between 1940 and 1950. This is based on an increase in population to about 170 million and a work force of about 66 million. One way or another we are going to have to produce more.

This article is about the slagpile of human resources now estimated in the 66 million work force. These are the 4 or 5 million disabled American workmen who could be used now in commerce and industry and who will be needed even more in the era of automation.

If we have thought about disabled people at all in industry, it has usually been in terms of sedentary bench type operations requiring manual dexterity. Blind men filing burrings off of drill pressings. Persons with leg disabilities sorting hardware in salvage operations. Much of this during World War II was made work. These were the last to be hired and the first to be fired.

More companies are using these disabled people to greater advantage today. One reason is that there are more around. We live longer. We're healthier in that miracle drugs and modern techniques of surgery prolong disabled lives which would have been lost five or ten years ago. We maim more people on the highways than ever were injured in all our wars since the Nation began.

We have an estimated 33 million people in America disabled, chronically ill or overaged. This is the progress report of a small group of them who organized a company called Abilities Inc. in the late summer of 1952 and have set out to face the challenges of mechanization and eventual automation.

The company was founded in a vacant garage in West Hempstead, Long Island, N. Y., in August 1952, with borrowed capital of $8,000, which was solicited from local citizens. The principles for organization were unprecedented. All employees must be seriously disabled, so seriously that they would be unable to obtain employment. No charity would be accepted. Prevailing wages would be paid. All contracts would be won on a competitive basis. They would not weave rugs or make baskets. The company would build high priority saleable skills in the electronic and aircraft fields as a job shop operation.

This is a group, seriously disabled from the president of Abilities Inc. down to the last worker, who deliberately set out on a competitive basis to meet the challenges of mechanization and stand ready for the era of automation.

This company started with four employees. Two of these men were in wheel

chairs. Among the four there was but one usable leg and but five usable arms in all.

By the end of the first year this little group had grown to 57 employees. The second year they grew to 104. By the third year they had grown to 163. At the end of the fourth year 318 persons were employed. All at prevailing wages.

The original vacant garage was 2470 square feet. In three years of additions and extra leaseholds in the village, the company was operating in 20,470 square feet. A new air conditioned plant will be occupied in the spring of 1957. This area will be 40,000 square feet. This growth has been out of earnings. The $600,000 needed to finance the new building has been financed by a debenture issue and mortgage financing. No charity has been accepted.

THE CONCEPT that disabled workers should be relegated to sedentary unskilled operations has not been acknowledged. Saleable skills at quality standards and a fair price have attracted such customers as Remington Rand Corp., General Electric Co., Sperry Gyroscope Corp., The Dictaphone Corp., and a variety of blue chip customers.

The plant proudly demonstrates a variety of complex machines which last year turned out 89,796 harness and cable assembly units for aircraft, radar and electronic computer requirements. 92,720 Coils were wound and fabricated into armatures, transformers and other electronic gadgets. 162,000 Sub-assemblies were completed and shipped, to be used in aircraft, home heating boilers and chassis. 225,320 Electronic assemblies, including amplifiers, printed circuits, resistor boards and potentiometer components were shipped. This work load was shipped to a variety of customers in four surrounding states.

Operating in a normal industrial environment with severely disabled people as employees could result in disproportionate compensation liability risk. This was far from the result. The plant works an eight hour day, five days a week. There is always some department on overtime. The accident ratio has been so low that based on experience in 1954 Abilities Inc. was downrated 21%. In 1955, because of the low accident ratio, this company was downrated 27%.

The company provides for all employees, company sponsored life insurance, Blue Cross and Blue Shield hospitalization and surgical benefits.

There is a decided sense of dedication, purpose and personal happiness in the people who work here. Most of them are in wheel chairs, many are blind, some without arms or legs. It's a busy group to see in action. There is in the plant an atmosphere of purpose and personal happiness which is rarely found in industry. It is reflected in many ways, especially in the outstanding safety and attendance records, which are far lower than in comparable industry.

In four years of manufacturing experience, these people have poured back into the community a total of new wealth amounting to approximately $4,700,000. During the same period of time it would have cost approximately $740,000 to have supported them on the Relief Rolls. Added together, this represents 5½ million dollars in savings and new wealth. How can we estimate the intrinsic value to each person who has known the sweet dignity of a productive life instead of a life predicated on the charity of the family or the community.

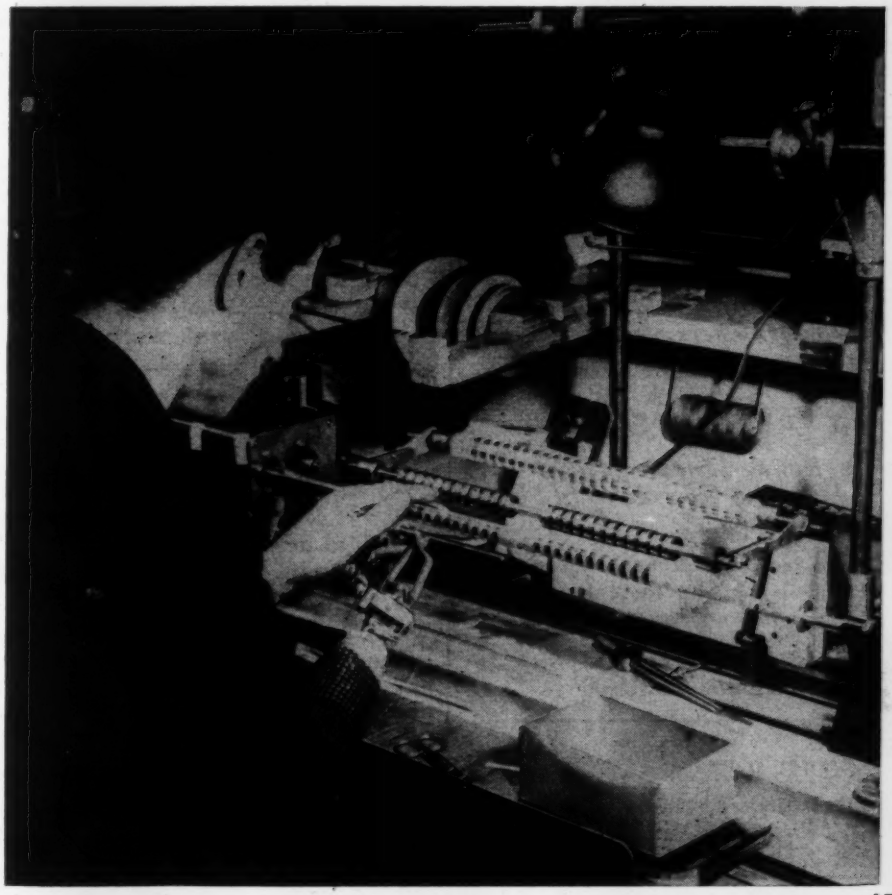
These are not occupationally handicapped people. Physically handicapped they most certainly are for they are all disabled severely in one way or another but not occupationally handicapped since they are all successful at their jobs.

We have grown in the brief years since our founding late in 1952 to a company whose net sales last year were $1,151,922. We face the future of increasing mechanization and automation with confidence.

A NEW corporation has been chartered as a division of Abilities Inc. It is called Human Resources Corp. It will undertake research to document the unique experiences of this effort. Factors, both adverse and wholesome, will be documented and offered to others who are interested in the disabled workingman. Human Resources Corp. is now teaching through conference seminars and lectures for personnel officers, safety engineers, rehabilitation personnel, and all who are interested.

Under a grant from the Federal Office of Vocational Rehabilitation, a demonstration research study is now in process to determine the effect of mechanization on the disabled workingman. How has he reacted in the transition from manual skills to the operation of complex machinery?

Our future lies not in automation but in mechanizing our plant to the point



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of premium efficiency where we can continue as a job shop to serve the large companies who are our customers. They face automation. We can't build Univac but we can build delay lines for Univac cheaper and better than Remington Rand. We can't design and build a home heating boiler, but we can build the heating coils for it cheaper and better than the General Electric Company. And we can do so using severely disabled people as our labor force.

This not only gives a better product at a better price to our customers but serves other ends. It provides a dramatic demonstration of the skills of disabled workers for all the world to see. It provides a laboratory for experiment in industrial medicine, safety, methods engineering, in rehabilitation itself. It provides a dramatic forum where we may teach what we have learned, to others, so that disabled workers may be readily accepted everywhere, for what they can do, not what they cannot.

While we may not face complete automation, as a job shop, we must prepare by mechanization to be more competitive and efficient in servicing our large customers, who in the years ahead will become even larger in an era of automation.

Why and by what methods engineering changes can our blind worker operate a turret lathe or lace cable assemblies? What jigs, fixtures, devices, modifications of complex machinery have made the worker in the wheel chair more than a sedentary drone performing the most routine unskilled task?

Under this grant from the Federal Office of Vocational Rehabilitation a two year research study is now in progress to explore and study the complex machines which can be successfully operated by persons with various types of physical disabilities. We will describe what adaptions, jigs, fixtures and devices in such complex machines were necessary so that they could be more successfully operated by persons with various types of physical disabilities. Disabled people by instinct compensate for their disability. This action follows normally into the industrial environment. The man and the machine can change and are changeable. Artificial arms, legs, braces, mechanized wheel chairs, control drugs for epilepties, a thousand means can change the disabled man with the modern techniques of rehabilitation and industrial medicine.

And the tool or the machine can be changed to fit the man. The resulting benefits will accrue to the employer and the employee as well.

In our new plant we will conduct a constant and continuing demonstration of the actual and successful performance of persons with various types of disabilities in production setting.

The demonstration aspects of the project will not be limited to production methods used in New York industries only, but will involve the utilization of machinery of the type which is now used or will be used in the future in many parts of the United States. Currently, Abilities Inc. holds subcontracts with sixteen companies, many of whom operate in a great many plant communities. A guiding principle in this research will be the emphasis on the flexibility and generality of the adaptations, rather than the specific adaptations of specific machines for use by specific disabled individuals.

The results will be published in an illustrated report and will be discussed in conference seminars and demonstration lectures to be regularly scheduled at our plant.

There really are no disabled people —only people. Each has compensating qualities to offset the extremes of physical disability.

What is needed, and gradually we are coming to realize it, is a denial of the common assumption of the distinction of disability. There is really no such thing, for all of us are disabled in one way or another.

ALL THE problems of being different would be eliminated if we could remember that all people are essentially the same, alike in more ways than they are different. No two are exactly the same but each is capable of living and working within the limit of his quotient of ability, if given the opportunity.

Especially in this advanced era of mechanization and automation, sheer physical strength is no measure of general ability. Many factors go to make up a total industrial personality, some of which are far more important than physical strength or weakness.

On the brink of the atomic era with great advances in technical know-how available to all of us, the disabled worker should be able to compete more than ever before, provided he is not handicapped by the ignorance, aversion and prejudice toward the disabled, which remain with us from previous eras. ■

THE

Annual Report

OF

THE SOCIETY FOR

ADVANCEMENT OF MANAGEMENT

1956-1957

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Western Electric Company, Winston-Salem, N. C.
GREENVILLE.....Clark M. Hubbard
Deering-Milliken Service Corp., Greenville, S. C.
HARTFORD.....Sidney A. Brown
Rogers Corporation, Rogers, Conn.
HUDSON VALLEY.....Frank G. LaTour
Mohawk Carpet Mills, Inc., Amsterdam, N. Y.
INDIANAPOLIS.....Eugene R. Ruark
Indiana Farm Bureau Coop. Assn., Indianapolis, Ind.
KANSAS CITY.....Richard Muther
Richard Muther & Assoc., Kansas City, Mo.
KNOXVILLE.....Hezz Stringfield, Jr.
Carbide & Carbon Chemicals Co., Oak Ridge, Tenn.
LANCASTER.....Harold Fischer
Franklin & Marshall College, Lancaster, Penna.
LEHIGH VALLEY.....James T. Lynch
General Electric Company, Allentown, Penna.
LOS ANGELES.....*Haylett B. Shaw
Management Consultant, Pasadena, California
LONDON, ONT.....Charles Henry
Timken Roller Bearing Co., Ontario, Canada
LONG ISLAND, N. Y.....William C. Hoffart
Fairchild Camera & Instrument Corp., Long Island, N. Y.
MADISON.....Eugene T. Meskill
Oscar Mayer & Co., Madison, Wisconsin
MILWAUKEE.....George A. Sievers
Industrial Engineering Institute, Milwaukee, Wisc.
MONTREAL.....D. R. MacLennan
Northern Electric Company, Montreal, Canada
NASHVILLE.....Thomas P. Wall, Jr.
Counselor at Law, Nashville, Tennessee
NEW HAVEN.....*Nathan H. Hamar
Swift & Company, New Haven, Conn.
NEW ORLEANS.....Winslow J. Chadwick
Monogram Coffee Company, New Orleans, La.
NEW YORK.....Robert W. Davis
Western Electric Company, New York, N. Y.
NORTH ALABAMA.....James H. McIlhenny
General Shoe Corp., Huntsville, Alabama
NORTH MISSISSIPPI.....William R. Reed
Blue Bell, Inc., Tupelo, Miss.
NORTHEASTERN PENNA.....Franklin L. Hertig
Tung-Sol Lamp Works, Inc., Weatherly, Penna.
NORTHERN NEW JERSEY.....*O. J. Sizelove
Newark College of Engineering, Newark, N. J.
NORTHLAND.....Louis E. Melegari
The Kargard Company, Marinette, Wisconsin
ORANGE COAST.....Joseph W. Winkler
Douglas Aircraft Co., Long Beach, Calif.
PHILADELPHIA.....*Bruno A. Moski
Yale & Towne Mfg. Co., Philadelphia, Penna.
PITTSBURGH.....Frank Sanford
National Supply Company, Pittsburgh, Pa.
PORTLAND.....Russell Lawton
Crown Zellerbach Co., Camas, Washington
PROVIDENCE.....Louis C. Chase
Louis C. Chase & Assoc., Edgewood, R. I.
PUERTO RICO.....Rafael Pol Mendez
Cooperativa Azucarera Los Canos, Arecibo, P. R.
RARITAN VALLEY.....George J. Wrasman
Socony Paint Products Co., Metuchen, N. J.
READING.....Daniel J. McCullough
The Container Co., Reading, Penna.
RICHMOND.....Robert H. Harvey
Miller Engineering, Inc., Richmond, Va.
SACRAMENTO.....Sterling B. Doughty
Sacramento Freezers, Inc., Sacramento, Calif.
ST. LOUIS.....William Barker
St. Louis, Mo.
SAN FRANCISCO.....William R. Willard
U. S. Steel Corp., San Francisco, Calif.
STAMFORD.....William R. Swett
Bruce Payne & Associates, Inc., Westport, Conn.
TRENTON.....Clarence C. Martin
Congoleum-Nairn, Inc., Kearny, N. J.
TWIN CITY.....Andrew A. Kole
International Milling Company, Minneapolis, Minn.
WASHINGTON, D. C.....Schuyler Lowe
District of Columbia Govt., Washington, D. C.
WESTERN MASSACHUSETTS.....William H. Weaver
University of Massachusetts, Amherst, Mass.
WEST. NORTH CAROLINA.....Eugene J. Benge
Benge Associates, Asheville. N. C.
WILMINGTON.....Victor M. Gelin
E. I. duPont de Nemours & Co., Inc., Wilmington, Del.
WORCESTER.....Edward A. Necker
M K M Hosiery Mills, Rochdale, Mass.

*F. F. Bradshaw, Chairman of the Board
Richardson, Bellows, Henry & Co., N. Y. C.
*John B. Joynt, President
American Enka Corp., Enka, N. C.
*H. E. Lunken, 1st Vice President
The Lunkenheimer Co., Cincinnati, Ohio
*J. Richard Jeffrey, 2nd Vice President
The Jeffrey Mfg. Co., Columbus, Ohio
*Dause L. Bibby, Secretary
Daystrom, Inc., Elizabeth, N. J.
*James E. Newsome, Treasurer
Johnson & Johnson, Chicago, Ill.
*Maurice R. Bachlotte
E. I. duPont de Nemours & Co., Inc., Old Hickory, Tenn.
*J. Bruce McNaughton
The Jeffrey Mfg. Co., Columbus, Ohio
*George W. Talley
Cutler-Hammer Company, Milwaukee, Wisc.

* Members of the Executive Committee

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Industrial Engineering

RALPH C. DAVIS
Vice President
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Development

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Vice President
National Handling

PHIL CARROLL
Vice President
Membership

J. RICHARD JEFFREY
Vice President
Senior Chapter
Operations

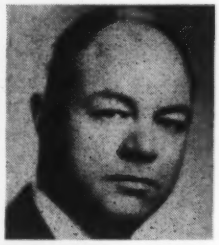
LESTER F. ZERFOSS
Vice President
Seminars

L. T. WHITE
Vice President
Small Business

HAROLD FISCHER
Vice President
University Chapters
Operation & Development

J. BRUCE McNAUGHTON
Vice President
Central Region

BRUNO A. MOSKI
Vice President
Middle Atlantic Region



GEORGE W. TALLEY
Vice President
North Central Region

NATHAN HAMER
Vice President
Northeastern Region

M. R. BACHLOTTE
Vice President
Southeastern Region

HAROLD R. BIXLER
Executive Vice President
of Society Operations

THE 1956-57 ANNUAL REPORT
of the National Officers of the Society for Advancement of Management

NATIONAL ADVISORY COUNCIL

As APPROVED by the Directors, for long-range planning, the Advisory Council will consist of not less than three nor more than seven "management statesmen" with a record of leadership, pioneering, and devotion to the scientific management movement in the best sense of those words. The membership first chosen shall be one man for five years and the other members for diminishing terms so that the make-up of the committee can gradually change without losing essential continuity.

The function of the Committee shall be to guide and assist the officers of the Society in:

A. Charting long-range plans and goals in terms of the Society's role in American life and American economy.

B. Interpreting the Society's significance and potentiality to those publics whose support for and use of the Society are most central to its mission.

Normally the Council will meet at least twice during the Society's fiscal year, or on call either of its Chairman, the Board Chairman, President, or Executive Vice-President of the Society. The Advisory Council, as indicated above, has no administrative authority and no responsibility for the final determination of Society policy which must, in accordance with the By-laws and Constitution, rest with the Board of Directors. The Board of Directors will seek advice from the Advisory Council on matters of policy and communicate to them problems or decisions which require their assistance in communication to the public. The Advisory Council will not be the only channel of communication to the public, but will function in that regard as a major auxiliary of the duly constituted officers. ■

F. F. Bradshaw
Director-at-Large

PRESIDENT'S REPORT

AT THE end of the second year of the Society's "New Look" it is a real pleasure to confirm to all the members that definite progress has continued in the S.A.M. National Program, as represented by Chapter, Regional, and National activities. These accomplishments are evidenced in many facets of the Society's program, and I wish it were possible for each member and reader of "Advanced Management" to visualize them all together. What an inspiring picture they would make. Details of many of these things are covered in the reports of the individual officers included in this publication.

Sound growth in the number of chapters and members has been maintained, for a new high in the Society's history of over 14,000, comprised of more than 7,000 each in the Senior and University membership groups.

Your Board of National Directors has rendered outstanding service on behalf of the chapters and the membership at large. Important decisions have been made during the year on financial problems, and the other requirements of a growing organization. The whole program is being reviewed through the operations of a new Activities and Policies Study Committee Chapter objectives and programming are being given new and increased assistance. National Awards procedure is being revised for simplification and greater effectiveness in the handling of S.A.M.'s national honors and awards. Packaged Conference Programs are being expanded for chapter use. New manuals and special publications have been prepared, and others are under way.

"Advanced Management" now has a readership of 50,000, and continues to earn plaudits as a leading management publication. It contributes over 400 selected articles each year on scientific management and management development. Each of you would be interested to read S.A.M.'s "Newsletter" which goes periodically to some 800 Chapter and National Officers, and contains summary reports of over 300 activities during the year, plus references to hundreds of individual chapter achievements. Typical highlights are: Affiliations Developed With Other Professional Organizations. . . . Society Brochure Printed in Spanish. . . . Civic Affairs Program Expands On National Basis. . . . New San Diego Chapter Inaugurated. . . . Chapters Conduct Profitmaking Cost Control Clinics. . . . New Research Publications Printed. . . . New Bergen County (New Jersey) Chapter Inaugurated. . . . Eleventh International Management Congress. . . . S.A.M. West Coast Chapters Honor Dr. Gilbreth. . . . New S.A.M. Brochure a Hit. . . . Hawaii Chapter To Be Inaugurated. . . . High Position and Responsibility Level of S.A.M. Members. . . . Industrial Relations Program. . . . Research Project On Non-Financial Incentives. . . . S.A.M. World-wide. . . . New Northland Chapter Inaugurated. . . . Membership Promotion Leaflets Developed. . . . S.A.M. Co-sponsors Federal Statistics Conference. . . . New Orange Coast (California) Chapter organized. . . . National Conference Program Broadening. . . . Annual S.A.M. Hospital Service Award Established. . . . Westchester Chapter Inaugurated. . . . S.A.M. Conference Relationships Increasing. . . . Chapter Performance Awards Plan Winners. . . .

It is becoming increasingly evident that S.A.M. is the one professional scientific management organization representing all the management functions through chapter, regional, and national activities. In line with S.A.M. policy, more chapters this year have held joint meetings with various functional organizations representing Engineering, Public Relations, Distribution, Finance, Materials Handling, Operations Research, Accounting, Office Management, and the like. Such joint activities contribute to that broadening of the specialists so much required for their promotion to the general management ranks. In line with our objectives we have added to our National officers the new positions of Vice Presidents for Small Business, Industrial Relations and Public Relations.

I wish that space permitted a more detailed report on my part in recognition of all of the accomplishments and developments during the last twelve months which have been made possible through the leadership and devotion of the National Officers, Directors, Special Committees, and the Chapter Officers themselves. May I emphasize to the national membership the extra loyalty, leadership and efficiency demonstrated

by the employed Staff in the National Headquarters under unusually difficult operating conditions this year. Due to the combined efforts of everyone, the Society is definitely moving ahead — never fast enough, or far enough, to be sure — but with real progress in accomplishing the organization's objectives in contributing to the national economy, earning even greater national and international recognition. On behalf of your National Officers, I look forward, with you, to continued advancement during the new fiscal year.

John B. Joynt
National President

CHAPTER OBJECTIVES AND GOALS—1957-58

THE OPERATION of an organization can be made more effective when objectives and goals are clearly defined and understood by all concerned. The following suggested goals are intended to stimulate thought and discussion at the Chapter level in connection with the development of the 1957-58 program. It should be noted that the six subjects listed do not comprise a complete list by any means—they are thought to be among the more important, however.

1. Purposes and Objectives: A further clarification of S.A.M. purposes and objectives might prove to be a fruitful undertaking. The broad purposes of S.A.M., set forth in the constitution, are well known to all. However, in many respects these are not sufficiently specific to be particularly useful in Chapter management. It might be helpful for Chapter management to see that a statement of purposes and objectives is developed within the framework of overall S.A.M. goals. The attached statement is offered as a suggestion along these lines.

1957-1958 Goal #1—develop in writing a written statement of the purposes and objectives of each Chapter.

2. Organization: Important to the success of each Chapter is how it is organized. The development in writing of a well-thought-out Chapter organization plan includes: statement of objectives, organization charts, position descriptions, managerial standards of performance and major policies. Such data in manual form would clarify responsibility and go a long way toward overcoming the problem of communicating vital information from one administration to another.

1957-1958 Goal #2—set up a Chapter organization plan and develop a manual.

3. Decentralized Management: A further objective should be to broaden the scope and effectiveness of each Chapter. This can best be accomplished by the delegation of responsibility on a broad basis in accordance with the program needs of the membership. If it is the intention that a Chapter provide management development opportunities in the major areas of management, then responsibility for developing such services in the fields of Marketing, Finance, Industrial Relations, Production, Materials Handling, Community Affairs, etc. should be assigned to Chapter officers. Since one of the most valuable features of S.A.M. membership is the learn-by-experience opportunity of participating in Chapter affairs, the greatest practicable degree of delegation should be achieved.

1957-58 Goal #3—decentralize Chapter management to meet the needs and desires of the membership.

4. Research and Program: A major objective of the Chapters should be to achieve a closer relationship between research and programing. The objective of Chapter research activities should be to study and determine new and improved managerial techniques and procedures. In accomplishing this, subject matter for the Chapter program automatically comes to attention. If Chapter research is directed in the areas of greatest interest to the membership, then it follows that the programs which are developed will better answer the needs of the members. Authorities can be recruited to speak on specific subjects which are of known interest and value. Speakers presentations can be more meaningful since they can be oriented to audience interests in advance. This concept of the Research-Programing relationship places much greater emphasis on research activities—both Chapter and National. If our prime goal is to learn how to manage more effectively, it follows that we must (a) determine the areas in which improvement is needed then (b) study and determine ways of bringing about improvement, then, finally (c) communicate this new knowledge and skill to others. It seems logical that the research function in each Chapter should be charged with responsibility for (a) and (b) and that the programing function should perform step (c).

1957-58 Goal #4—take steps to integrate the research and programing functions.

5. Top Management Support: A major objective should always be that of developing and maintaining a high degree of top management interest and support. The extent to which members of top management will actually participate in Society activities varies with the individual. The important goal to achieve is not necessarily regular attendance by members of top management at Chapter events, or necessarily even membership in the Society. The important thing is recognition by top management of our Society as a valuable training opportunity for managerial trainees. If this is accomplished, the problem of top management support—financial or otherwise—can be settled by each Chapter in terms of the needs of its membership.

1957-58 Goal #5—improve the degree of support which your Chapter is receiving from top level management.

6. Membership Recruitment: A thriving, growing Chapter depends upon a sufficiently large membership body to support an adequate program to meet membership needs. As Chapter regular meeting programs, conferences, seminars and other events are better planned and executed each year, it should be increasingly easy to interest new members in joining.

1957-58 Goal #6—sell S.A.M. as a management development opportunity.

H. E. Lunken
First Vice President

REGIONAL ORGANIZATION

THE NATIONAL Officers of S.A.M are desirous of promoting the expansion of the regional movement in the Society, with the following objectives in mind:

1. To provide means by which chapters of given areas may meet for the purpose of exchanging Chapter Operations experiences, ideas, and techniques.
2. To provide a means by which the chapters of a given area may provide assistance to each other.
3. To promote the establishment of new chapters in the area.
4. To develop the opinions of the various chapters as a constructive influence in the formation of National Policies, Chapter to National Communications.
5. To provide the means by which the chapters of a given area may unite to undertake a service to the area, which otherwise would be beyond the scope of any single chapter.

Area Constituting A Region—It is the policy of the National Organization that the boundaries, labels, etc., of existing and future regions be kept extremely

flexible. As our society grows and new chapters and regions are formed, it is highly possible that the composition of existing regions might be altered to serve the best interests of the chapters involved. It is most important that the regions continue to reflect a workable unit as the society grows rather than arbitrary subdivision, for we will profit from regionalization only so long as it profits the chapters.

Formation Of A Region—The formation of a region may take place in one of the following ways:

a. A group of chapters of a given area voluntarily band together to form a region.

b. A chapter which does not find itself in a compatible geographical position with existing regions may elect to pursue a program of establishing new chapters in its area, with the ultimate objective of forming a new region.

c. In geographical areas where no chapter presently exists the simultaneous formation of several new chapters may form the basis of a new region.

Organization Of Region — Regional Organization has generally represented a flexible federation of the participating chapters which have joined together for their mutual benefit as outlined in the objectives above.

Any action to be taken by the region is formulated by the chapters through a board of governors consisting of representatives of each of the participating chapters. Such a board is chaired by a chairman selected by the chapters. This region in turn requests that the chairman be appointed by the National to act as their Regional Vice President. In addition to responsibilities assigned the Regional Vice President by the Region, the National requests that he assist in national to chapter communications.

Organizational details of the region are left entirely to the region where they can best be formulated to meet the particular requirements of the Region.

J. Richard Jeffrey
2nd Vice President
and Vice President
Senior Chapter Operations

NATIONAL AWARDS

Real progress has been made in our plan to simplify and make more effective the recent rather involved and cumbersome procedure of granting national honors and awards by the Society. The problems of geographical representation, presenting of nominations, detailed considerations by the eight respective committees, and other awards procedures, have warranted a review. This has now been completed by a special study committee, under direction of the National Secretary and composed primarily of the chairmen of the individual awards committees. Further considerations include current study of such procedures developed by other leading management and professional organizations. The conclusions to date are:

There are to be two separate Committees:

(1) *General Management Awards:* — to include the Taylor Key Award and the Human Relations Award.

Recommendations:

(a) The Committee to consist of nine members, each to be appointed for three years with three members to be replaced each year.

(b) The Chairman of the Committee to be selected from the Committee except for the first year when it is suggested that he be appointed.

(c) All should be members of S.A.M.

(d) Membership should have a complete understanding of time and responsibility involved before accepting.

(e) Members of the Committee should meet personally.

(2) *Technical Management Awards*—to include the Gilbreth Medal Award; Industrial Incentive Award; Material Handling Award; and Hospital Aid Award.

Recommendations:

(a) One General Chairman — to be appointed.

(b) To be divided into four Committees with a membership of 6 on each including a Chairman, the functional Vice President to be a member, ex-officio, where appropriate, as on the Material Handling and Civic Affairs Awards.

(c) Other than National Directors be asked to serve so as to have broader participation in National affairs.

(d) All should be members of S.A.M.

(3) *Procedure*—Details to be worked out by the respective Committees, subject to clearance by the Executive Committee. The plan would be effective for 1957-1958, with the present Committees continuing until then.

Dause L. Bibby
Secretary

TREASURER

THE SOCIETY has completed the current fiscal year at about a break-even point. Our income was considerably below budgeted income, but the National Office was able to make sufficient temporary economies to keep the Budget balanced.

The Budget for 1957-58 has been presented to the Board of Directors, and approved. We feel this Budget is realistic, and will allow the National Program sufficient income to operate on a constructive rather than restricted basis.

We are undertaking a study of our entire operation to make sure that we are using income in a way to be most helpful to the Chapters. A Committee for this purpose, under the Chairmanship of George Sievers, was appointed at the April Board Meeting.

We feel that the new dues schedule will allow the National Program to keep pace with an expanding membership.

James E. Newsome
Treasurer

CIVIC AFFAIRS

THE PLANNED Civic Affairs program of the S.A.M. has just completed its second year. The past year has been fruitful, consolidating the gains of the first year, expanding the many activities and laying plans for the future.

Many chapters have inaugurated Civic Affairs programs and have accomplished noteworthy achievements in various fields that have their impact on the community. These chapters, both large and small, urban and suburban, have created a lasting impression on the people of their communities by aiding schools and school boards, hospitals, municipal and state governmental divisions. They have honored public spirited citizens, participated in career days, worked with educational TV stations, assisted workshops for the disabled and the blind, and participated in many other worthwhile civic projects.

By and large, the greater portion of the Civic Affairs program is in the field of hospital assistance and the magnificent response of the chapter membership in this worthwhile program is outstanding. The hospital aid program i

continuing at an accelerated pace. The number of advisory boards formed by the chapters has more than doubled in one year (9 to 20), while those in the planning stage have been tripled (16 to 45). Over 750 inquiries have been received from hospitals in all of the 48 states, Alaska, Hawaii, Canada, Mexico, and nearly all the Latin American countries. More than 5,500 copies of the brochure, "May We Help," have been distributed and over 7,500 reprints of articles concerning the S.A.M.'s advisory board program have been furnished to interested people. Among these are articles from the *Reader's Digest*, *Advanced Management*, *Philanthropy*, *American Mercury*, *Hospital Management*, *Modern Hospital*, and *Hospitals*, the *Journal of the A.H.A.* Over 750 copies of case studies, a new venture this year, are distributed monthly. During the coming year we plan to publish two new brochures, and there are many magazine articles in the making.

It is expected that at least ten new advisory boards will be formed within the next year if the response to the questionnaire recently mailed to chapter presidents is a criterion. Next year the gain in activity should surpass those made during the past one. However, one word of caution. This Civic Affairs program is your program, and its success depends on the willingness of the chapters and their members to participate.

For next year let us have at least forty entries for the Hospital Service Award and the Civic Service Award, symbols of community spirit and rewards for a job well done.

George M. Goettelman
Vice President
Civic Affairs

DISTRIBUTION

THIS is a progress report in the developing interest on the part of many S.A.M. members in the importance of marketing, as represented in the following activities:

1. The Research Project on Marketing Management became a reality with the mailing of the covering letter of explanation with the "Questionnaire on the Marketing Function."

The objective of this undertaking is to interest more S.A.M. members in the distribution problems of their respective organizations. In so doing, it is hoped that closer working relationships would follow—particularly as a better understanding might develop as to how some of the principles of Scientific Management might be applied to the marketing processes.

With increasing attention by management and government as to the importance of the Marketing Concept as a means of assuring a high level Gross National Product, this project is certainly timely and within the objectives of S.A.M.

As evidence of this, ten individuals representing trade association groups were called to Washington recently by Dr. Burns to meet with the President's Economic Advisors and to discuss marketing conditions. While I primarily represented the Marketing Division of NAM, I mentioned my related interest in S.A.M. After several hours of very constructive discussion, those attending were convinced that more attention would be given by agencies of the Federal Government to betterment possibilities in the field of Marketing. It was proposed the President call a special Marketing Conference in Washington, and plans were being made accordingly.

2. As another means of stimulating interest in the marketing concept, the following letter was addressed to the Presidents of National Sales Executives Clubs in the United States (where S.A.M. also has a Chapter), suggesting a get-together discussion as to the advisability of a joint meeting:

"Production & Marketing—Prosperity—*Two great organizations, the Society for Advancement of Management and the National Sales Executives, largely represent the two basic 'input factors' in this economic equation.*

"Being familiar with the objectives of S.A.M., as National Vice President for Distribution—and also of NSE, as a Past Chairman, I firmly believe both organizations have closely related interests in assuring the continued PROSPERITY of our economy.

"It has been suggested that this concept could be effectively furthered—with mutual advantage to each organization—in a possible exchange of speakers at future meetings of the local Club and/or Chapter.

"Several individuals have suggested a joint meeting, with a panel, and the subject 'Marketing—The Heartbeat of Production' or vice versa.

"In any event, much can be gained in the friendships and exchange of ideas on the principles of Scientific Management—as applied to the PRODUCTION AND MARKETING processes.

"This is the thinking, then, that prompts this letter to you, as President of your NSE Club, and the suggestion that a luncheon with the President of the S.A.M. Chapter (name indicated below) to discuss the pros and cons of the foregoing idea.

"A carbon of this letter is going to the President of the local S.A.M. Chapter, suggesting that he be on the alert as to the possibility of such a get-together discussion.

"You will find the attached folder helpful in giving you information on the objectives of S.A.M.—and how NSE shares a related interest in the hows and whys of maintaining high PRODUCTION—in keeping with MARKETING opportunities.

"With every best wish for success in this meritorious undertaking."

3. A third activity is the solicitation of suitable articles on Marketing for *Advanced Management* magazine. These can develop further membership interest and broaden the editorial material, thereby enhancing value as an advertising media.

4. The fourth activity is the preparation of a monograph on the 'Management Relationships of Production and Marketing'. An 'Objective Bill of Particulars' is being developed for further discussion with S.A.M. executives.

Al N. Seares
Vice President
Distribution

INDUSTRIAL ENGINEERING

Our objective is to encourage more chapters to hold one-day and two-day Industrial Engineering Conferences, and it seems that a manual of suggested op-

In Memorium

IT IS with deepest regret that we announce the recent death of two of the Society's long-time members.

Hiram S. Hall, partner of the firm of Hall & Lange and S.A.M. Vice President of Public Relations, died on May 25th in New York City.

Earl S. Havner, former S.A.M. National Director of the Boston Chapter and Northeastern Region, and Superintendent of Production for the Towle Manufacturing Company of Newburyport, Mass., died on May 31st.

erating procedures for holding such conferences would be useful to many chapters. We are anxious to utilize the experience along this line which the chapters have had, and are, therefore, conducting a survey.

The subjects of the S.A.M. Chapter Survey on Industrial Engineering Conferences are: Conference Objectives, Conference Theme, Conference Speakers, Conference Arrangements and Conference Publicity.

Ralph M. Barnes
Vice President
Industrial Engineering

MANAGEMENT RESEARCH AND DEVELOPMENT

OPERATING through national and Chapter committees, the Research Division carried forward its projects for the development of reliable, useful and adequate information concerning business objectives, principles and practices to aid executives in solving business problems.

The following national projects are close to completion and publication: Management Code of Ethics; A Terminology System in Personnel Management and Industrial Relations; Second Edition: A Glossary of Terms Used in Methods, Time Study and Wage Incentives. A progress report on the first phases of the following studies will soon be published: Use and Effectiveness of Non-financial Incentives in Industry; Problems in Marketing Management. The project, Aptitude Tests for Time Study Personnel, has reached its final phase and awaits financial arrangements for completion.

More than three hundred S.A.M. members, representing thirty-nine Chapters, have participated in the development of the foregoing projects. It is one of the prime objectives of the research program to gain the participation of qualified members throughout the Society. The depth and diversity of managerial experience in our membership constitute a resource for almost limitless contribution to successful management through research. Many Chapters have organized a local research structure; others are planning to do so. The dividends are rich, both for the field of management generally and the professional expansion of those who participate in research.

Chapter-sponsored research continued at a wholesome level: Reading: Suggestion Plan Guide (completed and published); Greenville: Key Questions in the Expansion of Products and Services; Sacramento: Executive Reading Habits; San Francisco: The Industrial Relations Function; Milwaukee: Standardized Terminology in Production Control; New Orleans: Executive Development Problems. A number of Chapters have proposed topics for national research. Fourteen such proposals are in the hands of the National Research Committee for evaluation and action.

During the year a Chapter Research Awards Plan was inaugurated. The project nominated by the Hudson Valley Chapter, A Survey and Evaluation of Management Development Methods, Formal and Informal, Currently Used in Business and Industry, was selected for competitive participation among the Chapters. The project is designed to be completed before the end of the current Society year.

A new Research Division series of publications, *Modern Management Treatises*, came into being with the publication of "Financial Approach to Industrial Operations" by Alvin Brown, President, Academy of Management, and Vice President for Finance, Johns-Manville Corporation. Other publications in this series are in preparation. The *Treatises* are intended to present the latest thinking in forward-looking management. Their content may serve as source data in current research, or as a stimulus to new research. Authorship will normally be by invitation of the National Research Committee; however, unsolicited manuscripts will be considered.

Ralph C. Davis
Vice President
Management Research
& Development
Vincent A. Flynn
Research Director

MATERIAL HANDLING

THE SOCIETY'S program in the field of Material Handling is progressing along the lines laid out in our plans. We are continuing to stimulate and broaden the activity of the Society in this function. Several activities in particular have progressed at a rapid rate.

1. *Annual Material Handling Conference*

The annual Conference, begun so successfully last year, was again conducted on June 13 and 14 at the Statler Hotel in New York. A hard-working and energetic committee began planning the program early in November and came up with an outstanding program of speaking talent and topics. I am confident the Conference measured up to last year's, both in quality and quantity. We are expecting, of course, to again make these Conferences pay off from a financial standpoint, in addition to their serving a primary functional purpose.

2. *The "Material Handling Man-of-Year" Award*

Nominations for the 1957 award are now being requested and a number of biographies have already been received by National Headquarters. To formalize the selection for future years, it is recommended that this same Conference Planning Committee, along with the Vice President of Material Handling, be designated as the Award Selection Committee. This will fulfill the requirements set up by the Executive Committee. In addition, it is a committee which is thoroughly familiar with developments in material handling and, consequently, well-qualified to select the recipient of the award. Plans at the present time include establishing this committee on a permanent basis with two or three members being replaced each year. This will make available a capable nucleus each year to assist the Vice President in stimulation of programs in this important field.

3. *Assistance To The Chapters*

In further promotion of the field, assistance has been offered to each of the Chapters in developing programs in Material Handling. Most of the Chapters this year have had at least one speaker in the field. Further effort in Chapter assistance is planned, particularly in regard to workshops and regional seminars.

4. *Aid Through National Publications*

Additional emphasis on the field of Material Handling is planned through the dedication of one issue of *Advanced Management* to the subject. This publication would bring together approximately five outstanding articles on current development in the field. A committee has been established to promote this idea, and contributions are now being solicited.

R. W. Puder
Vice President
Material Handling

MEMBERSHIP

OUR GROWTH in Senior Chapters this year has been about half that attained by Harold Fischer in Student

Chapters. We have added chapters in:

Bergen County, New Jersey
Honolulu, Hawaii
Marinette, Wisconsin (Northland)
Orange County, New Jersey
Poughkeepsie, New York
San Diego, California
Utica, New York (Mohawk Valley)
Westchester County, New York

Others are in the making. But it seems to me that the possibilities are vastly greater. This is evident if we were to set a maximum limit on chapter size of 75 members as one Society does.

I mention 75 not because I think we should have such a limit. But to emphasize the fact that there are many cities and suburbs of larger ones where chapters of that size could be formed. Yes, I know this brings up the "jurisdictional dispute" about transfers of some current members. Even so, I think we should look ahead. We will lose members anyhow (1) when they get tired of travelling too far and (2) when they can no longer stand the strain of bucking traffic.

Why not hold these members who live distances by putting chapters in their backyards? Such chapters may be smaller. But this has its advantages. The members come to know each other better. This improves the rate of exchange of experiences. After all, that is our primary way to advance management. And several chapters can combine to have conferences and meetings.

Then, there is another opportunity we should develop. This is in helping to carry on the enormous field of "adult education" going on all around us. Bergen County Chapter started from this foundation. Men who want to learn more about management would like to associate with others who are looking ahead.

A third field for expansion lies in the absorption of the many local "clubs" that are carrying on programs for management development. Together, we can advance management further than we now do by working separately. Besides, we are competing for speakers' time.

Many of these groups are going over the same territory we are. That's because nearly all the "techniques" they discuss are "tools" of management. No one "tool" will do more than help to solve the "problems" of the progressive manager. He must utilize all of them. To do so, he must knit together the functions of his organization that specialize in different fields.

Sure, some specialists insist on shrinking the knot holes they look through. Even so, we see that they at least recognize the tie-in with "management." That's why the purpose of their work is recalled every year through repeated management topics on their group meeting programs.

More than that, some discover they are in management or want to be and must learn new skills. This is an inevitable shift for many. It's only a question of when.

For these reasons, we in SAM should provide the discussion meetings, round tables, training sessions and even conferences that fill the needs of these specialists. Perhaps, as we reported last year, we need "divisions" to serve the interests of the specialists. Regardless, we have the means in our chapters to perform the dual service of

a. Educating managers in the need for and proper use of all "tools" that advance management, and
b. Educating specialists in the latest improvements in their and other "tools" as well as how all these should serve to advance management.

To accomplish these several ends, I urge that we develop larger and better membership committees. My belief is that these should be set up on the rotation principle. With this form of organization, they can carry on the skills acquired and goals established.

Continuing membership committees should be manned by doers who see the reasons for expanding. Such men, and I'm thinking of a dozen, will work to advance management by bringing in members so that we can help them.

In addition, I recommend that we develop rotating "membership" committees in our Regions. These should be given the assignments to promote the starting of and assist in the development of new chapters.

However it's done, we ought to expand our Society. We have to improve management and managers. Besides, we must do our best to help develop the managers for tomorrow. Let's open the valve and put more pressure on our basic job of advancing management.

Phil Carroll
Vice President
Membership

SEMINAR OPERATIONS

DURING the year there has been increased activity in seminar programs among many of our local chapters, not only in the number of seminars held, but also in the variety of subjects treated and more comprehensive planning to make these seminars more far-reaching and professional in nature.

Reports of seminar activities coming from the local chapters are often incomplete; in some instances, delayed. For these reasons, it is safe to assume that the over-all chapter seminar activity on a national scale has been greater than our records of these activities show; nor do the records tell the story of other types of related local programs under the sponsorship of individual companies or universities that were stimulated by the leadership of key personnel in the local S. A. M. chapters. However, on the basis of partial reports available to us, more than 35 local chapters have been busy this year putting on nearly 100 seminar programs over a wide range of timely subjects.

The records and correspondence show that the following chapters are among those conducting local seminar programs: Baltimore, Binghamton, Boston, Bridgeport, Central New York, Central Pennsylvania, Chicago, Cincinnati, Cleveland, Detroit, Georgia, Greensboro, Hartford, Indianapolis, Kansas City, Knoxville, Lancaster, Lehigh Valley, London & District, Milwaukee, Minneapolis-St. Paul (Twin City), Montreal, Nashville, New Haven, New York, No. New Jersey, Philadelphia, Providence, Raritan Valley, Reading, San Francisco, Washington, Western North Carolina, and Wilmington. Fourteen chapters had programs on methods-time-measurement; seven on controlling costs; six on human relations, including labor-management; five on leadership; five on plants; four each on work simplification, Harvard case studies, general management, and creativity. Some of the more unusual subjects reported were: industrial aids for hospital management, new mathematical and operations techniques, managing a small business enterprise, coordination through operating teams, creative cost control, brainstorming techniques, retirement planning, linear programming, emotional problems in management, management of research and development activities, the dynamics of organization, and growth planning. These subjects, and a number of others that could be listed, are an index to the forward-looking quality of S. A. M. seminar programs in general.

In the interest of sharing further our program experiences and providing local chapters with the benefits of na-

tional planning, a proposal was made at the last meeting of the Board of Directors that through the medium of ADVANCED MANAGEMENT significant information on local seminar programs be reported in such a way that other chapters interested in similar programs could write directly to the chapter concerned and get the information desired.

A letter outlining this plan, along with the mechanics for reporting chapter seminar programs, was sent to Chapter Presidents for their use and follow-up. We are hopeful that in the coming year this additional service through ADVANCED MANAGEMENT will be worked out and will be found helpful to the local chapters in improving their seminar programs. Obviously the strength of such an exchange of information lies primarily in the way in which the local chapter will take responsibility for reporting its activities to the national office.

Lester F. Zerfoss
Vice President, Seminars

SMALL BUSINESS
Report of Research and Recommendations

YOUR SOCIETY is aware that improved management among the millions of small businesses could increase the nations efficiency in production and distribution.

A new small business project was undertaken to determine how S.A.M. could make the best contribution in this complex situation.

First, the needs of small business managements were examined. This was in cooperation with bankers, credit agencies, suppliers and in group discussions with over 2,000 heads of small businesses. Second, the views of professional groups already working in the small business management field were gathered.

These sources include:

1. The U. S. Small Business Administration's Managerial Assistance Division.
2. Colleges and Universities which have conducted courses in Small Business Administrative Management.
3. Trade Associations which furnish their members with management suggestions, statistical comparisons and conduct management conferences.
4. Trade publications which publish articles based on project research in this field. Some of them publish management case histories and manuals.
5. S.A.M. Chapters which have worked with small businesses in their localities. Several have undertaken development demonstrations, held small business problem clinics, given free advice, conducted courses and similar work.

These studies have revealed that there are thousands of small businesses in which management knowledge and skills could be advanced with profit to the patrons, employees, and owners.

However, such small business concerns have generally been slow to seek or use the management information and help which has been available.

The recommendations for further action in this area are that:

1. S.A.M. chapters and members continue to expand their efforts to let small businessmen see their individual management weaknesses and the benefits of strengthening them.
2. S.A.M. members encourage small businessmen who need help to take advantage of the available ways and means of studying management. This might be done if chapters would invite members to volunteer to:
   a. List all local agencies and sources of small business management information and conduct small business management clinics and courses.
   b. Co-sponsor and promote such programs.
   c. Organize and conduct such programs where there is need for S.A.M. leadership and talent.

S.A.M can be especially effective and helpful among one group of small businesses found in all parts of the country. This group has been overlooked because of the technical problems involved in business.

These are the small businesses engaged in production activities. For example, these are classed as forestry and fishing, quarrying and mining, contract and construction, assembling and processing, packing and warehousing, manufacturing and erecting.

These small industries are the supply source of raw, semi-finished goods and parts to large industries. A manufacturer who must use the services of several thousand of such small concerns is fully aware that better management would make them more efficient, reliable and resourceful.

But big business feels restrained from probing or interfering in the methods of small business management because of the buyer-seller relationship and the need to avoid paternalism.

Further investigation shows there are thousands of such situations. There is need for professional assistance such as S.A.M. is well qualified to provide.

Both small business and big business would be appreciative to any S.A.M. chapter which will see this opportunity to serve and begin to move into the opening.

Any chapter which wishes to discuss these small business management surveys or programs may have the service of the national Vice President for Small Business without charge for his service or expense. Those interested need only write to make arrangements.

S.A.M. headquarters will be glad to exchange ideas or experiences by correspondence.

Many feel that in advancing management for small business S.A.M. can render its most valuable service to our economy.

L. T. White
Vice President
Small Business

UNIVERSITY CHAPTER
"Industrial Progress through Enlightened Management"

THE EXPANSION of the University Chapter Division continues at an accelerated pace. From 1910 members in 69 chapters, October 1, 1955, our program expanded to 88 chapters with 4,575 members on June 1, 1956. Today *108* chapters with a membership of over 7,000 (an increase of 358% in membership and 39 chapters since October, 1955) are making a significant contribution to the preparation of young men and women for careers in the business world.

The quota that was set for the Division a year ago provided for 100 chapters with 6500 members. This is but the beginning. *New Senior chapters, too, will be developed with assistance of the University Chapter Division.* Many persons have contributed to this development to whom our sincere thanks have been expressed.

During the second semester of the current academic year, new chapters have been established at the following institutions: University of Cincinnati, University of Kansas, University of Scranton, Memphis State University, Lamar State College of Technology

(Texas), Otterbein College (Ohio), San Diego State College, Los Angeles State College (San Fernando Valley Campus), Xavier University, Marion College, and LaSalle College (Evening Division). In addition, the Clemson College Chapter is ready and a new chapter at the University of Mississippi has been established, while the chapters at Tulane University, Case Institute of Technology, Georgetown University, University of Miami, and the University of Puerto Rico has been reactivated.

In recognition of the important part they have played in the development of University Chapters and in their contribution to the growth of the Society the following Senior chapters will receive University Chapter Promotion Awards at the fall conference of SAM: Cincinnati (two citations), Northeastern Pennsylvania, Kansas City, Columbus, Indianapolis, North Mississippi, and Greenville.

The Division will continue to grow as 20 additional chapters are in various stages of organization and development at this time, and contacts established with over seventy more institutions. These figures would seem to indicate that more and more educational institutions and students from coast to coast welcome the opportunity to be an integral part of a dynamic national professional management division ever moving forward in its service to education, industry, the community, and to the Society for Advancement of Management itself.

The members of these University Chapters, especially the leaders, are the young men and women to whom American industry can look for the potential managerial talent this country will need in our continued competition with Soviet Russia in the years that lie ahead. This statement is the reasoned observation of the writer on the basis of his personal contacts with the University Chapter officers and members in different parts of the country this year.

It is significant, also, to note the increasing movement of University Chapter members into senior chapter membership after graduation. In the event that local senior chapter membership is not available, non-chapter membership will be arranged through the office of the Vice President.

It is a source of pride, also, to report wide spread acceptance of the new basic objectives and principles upon which the University Chapter Division was organized and developed during the past several years.

A new regional conference was organized April 13 at Austin, Texas, for student chapters in Texas, Louisiana, and Oklahoma. The University of Texas Chapter, the largest in the country, 320 members, was the host. The writer was impressed with the spirit and caliber of the SAM student members and officers, and faculty present. The program was very interesting and plans unanimously were approved for the formal organization of the Southwest SAM University Conference and the perpetuation of the annual conference for the region. The writer pays tribute to all who made possible this memorable and significant occasion in the development of SAM and management education in the Southwest. It was a privilege to participate. The Southern hospitality never will be forgotten.

Out of this conference and a meeting with Dean M. M. Hargrove and his associates of the University of Tulsa enroute to Texas, the foundations actually were discussed for new senior chapters next year at Tulsa, Houston, and Beaumont through the cooperation and help of the *new* University Chapters at Lamar State College of Technology, University of Houston, and University of Tulsa, as well as additional University Chapters in the area.

At Gatlinburg, Tennessee, the second successful University Chapter regional chapter meeting was held in connection with the Southeastern Regional Conference of SAM, April 4 and 5. Thanks to the committee in charge, this conference, too, was a success. It brought together student leaders and faculty advisors of University Chapters in the Southeast and the profitable discussions revealed a virility that promises still greater achievement in the region—and they have been moving forward with expanding programs of service. Here again, the foundations were laid for *new* chapters and the writer was convinced that here, too, the need for additional managerial potential in the continued phenomenal expansion of the Industrial South will be met by the SAM University Chapters of the region. Already the University of Chattanooga Chapter is thinking in terms of a senior chapter in the city and new University Chapters are in the making. Here, also, true Southern hospitality was pronounced and the writer is indebted to all for the successful and pleasant conference.

Next year the Vice President hopes the New England Student Conference will be continued with the success of last fall's conference and new conferences will be organized and held in the Middle Atlantic, Central, and Far Western regions. The regional conferences can and will contribute much to the future development of the University Chapters and the Society itself. Attention will be devoted to this important area of operations.

Under the University Chapter Performance Awards Program, completely revised last summer, a new constructive, spirited competition developed this year and as a result the chapters greatly expanded and improved activities and services to their members. The accomplishments and publications of the University Chapters, as reported, add a new phase in the development of SAM of which we all can be proud. The chapters have attained maturity. The winners in the contest will be announced and honored at the Fall Management Conference in New York.

In this connection, the writer is pleased to announce that through the cooperation of and support of Al N. Sears, Vice President, and Remington Rand of New York, $1,500 will be made available to the first five University Chapters to defray the expenses of their officers to New York to accept their citations and banners.

For the second five chapters, AMP, Inc., of Harrisburg, Pennsylvania, through the support of Jane Roth and Harry E. Steimling, has provided $700 for the same purpose.

The financial inability of some students in the past to come to New York to accept in person their deserved laurels has been a disappointment. The generous actions of these two companies solve the problem and will be appreciated by student members everywhere and will add motivation in the future.

Since membership reveals often the quality of program and leadership, the Hamilton Watch Company of Lancaster, Pennsylvania, will provide five gold Hamilton watches for the leaders in total membership, as well as to the victors in absolute and percentage membership increases during the year.

To these companies the University Division is indebted for their valuable contributions to the development of management education and the University Chapters. A real service is being rendered.

For the future a program of scholarships is now in the development stage.

We hope to have the plan ready for operation next year. Yes, the University Chapter Division will continue to grow in size and service—"Industrial Progress through Enlightened Management" is more than a mere slogan.

Harold Fischer
Vice President
University Chapters

CENTRAL REGION

During the Society's year of 1956-57, the Central Region planned and executed their first Annual Central Region Conference. The subject of the conference was "Management, Measurement and Improvement", and was participated in by outstanding speakers covering the subject of the conference.

While the conference was financially successful, the attendance was not what we had hoped to achieve, even though this was our first effort. Based upon our experience, the Central Region Board has recommended that the Central Region's Annual Conference program be continued each year and that the location be rotated among the different chapters of the Region. The location of the 1957-58 conference is a matter yet to be decided by the board.

The Regional Chapter Operations Conference, which has been held annually for several years, will be repeated this year on May 18 in Indianapolis. The Operations Conference planning is being handled by the host chapter and should be completed by the first week in May. The Dayton Chapter will nominate the Regional Vice President for the fiscal year of 1957-58.

It may be reported that the Regional activities have been conducted on a decentralized chapter participating basis and we have found wholehearted cooperation and participation in our planning efforts, and hope that the foundation which has been laid in the last several years will result in the growth and the strength of the Central Region, and be a contribution to the success of the Society as a whole.

J. Bruce McNaughton
Vice President
Central Region

MIDDLE ATLANTIC REGION

THE REGION had one formal meeting during the 1956-57 year. This took place, with the NNJ Chapter as host, on a snowy evening in January. Despite the weather, seven chapters were represented.

At this meeting regional problems of a general nature were discussed, as well as chapter relations to the parent organization. Also, at this meeting Vice President Moski announced his resignation from this post because of the pressure of work in his job. Oliver J. Sizelove of the NNJ Chapter was elected to complete the term and to serve as Vice President of the Region for the 1957-58 year.

A Regional Operations Conference is being planned for early this Fall.

Oliver J. Sizelove
Vice President
Middle Atlantic Region

NORTH CENTRAL REGION

THE North Central Region held its first meeting of the fiscal year in Madison, Wisconsin, on October 6th, its second in Milwaukee on April 6th, and its third meeting will be held June 22, 1957, in Milwaukee.

At each meeting we exchange ideas, reviews of successful activities. We review National Meeting minutes and discuss local and national level problems of the S.A.M., so that our National Directors and the Regional Vice President are in a much better position to discuss and vote at the National Director and Executive Committee meetings in New York.

The primary purpose at the June 22nd, 1957 meeting in Milwaukee will be to exchange our planning data for the coming year, and to help each other fill in areas in which help or ideas may be needed on firming up as complete a program as possible for the coming year.

We feel these Regional Meetings have been beneficial and plan to have a better exchange this coming year in order to further the strong position of S.A.M. in the community, locally as well as on the national level.

Good luck for continued growth in 1957-58.

George W. Talley
Vice President
North Central Region

NORTHEASTERN REGION

THE Northeastern Region the past year enjoyed a successful year even though the idea of Regional Organization is new and we are still going through the "growing" pains of fusing regionalization with traditional New England Autonomy.

In respect to membership growth: the Region as a whole increased its membership 12% of the quota established with two chapters of the seven being outstanding in this respect. Unfortunately, there were no new chapters started in the Region during the past year. However, the hope for the future in this respect is to strengthen and build up the membership of our local chapters and in this respect all of them are doing very well.

The Seminar and one day Conference Program sponsored by all the Chapters the past year has been exceptionally well planned and has resulted in several of the Chapters earning considerable funds for themselves in addition to offering their members and their community a real service.

The Civic Affairs program is beginning to broaden out and with Providence expanding into its Hospital Program, most of the Chapters in the Region are engaged in some form of Civic Affairs endeavor.

Our first attempt at a combined project was a Conference held in Worcester, Massachusetts last fall. On the whole it was a successful one—wires and letters from President Eisenhower and the Governors of the New England States was a feature of the Program along with personal representatives from two of the Governors.

The Region is serving as a co-sponsor of the Annual Management Conference to be held at the University of Connecticut beginning June 21st for 10 days. Several of our members are serving as guest lecturers and discussion leaders in addition to having served on the Planning Committee.

In respect to Student Activities: Yale University returned to active membership. The University of Connecticut under the guidance of Professor Laura Saeger was again one of the outstanding Student Chapters in the country and sponsored a Student Conclave last November at which representatives were present from all the New England Colleges along with member chapters from New York.

It is planned to have a Chapter Operations Regional Meeting on June 29th at which time the new Vice President for the Northeastern Region will be elected.

It has been a distinct privilege and pleasure to have served as Regional Vice President during the past year and I cannot close this report without acknowledging the assistance rendered me by Harold Bixler and members of his staff particularly with regard to the planning of our Conference. Regional

Representatives and Chapter Officers from all the Chapters were extremely helpful in making visits to the various Chapters from time to time a pleasure.

The exchange of information among Regional Vice Presidents during the past year was extremely interesting and rewarding and is a policy that could well be continued for the future.

Nathan H. Hamar
Vice President
Northeastern Region

SOUTHEASTERN REGION

Regional Meetings — Four Regional meetings were held during the year. Of the original ten Chapters in the Region, all have been represented at one or more meetings. Five Chapters have been represented at all of the meetings. This is an increase in attendance over last year and indicates a growing interest in Regional meetings. The participants in these meetings are unanimous in their statement that these face to face contacts are serving a very worthwhile purpose.

Regional Conference—A fifth annual conference was held in Gatlinburg, Tennessee, on April 4 and 5. Total attendance at the Thursday Banquet and Dance was approximately 220 persons, including members, guests, wives and students. The programs for wives and for students were outstanding and represented a great improvement over similar programs in earlier years. Due in part to the all out effort on these items and for other reasons the conference lost financially.

Because of the most favorable comments from many sources we do not consider our financial reverse as an actual "loss" but as an investment in the future. The Southeastern Region will hold its Sixth Annual Conference at Gatlinburg next year.

Membership — Membership net gain through May 1 was 7.3%. Over the five year operation of the S. E. Region, membership growth has been 39.5%.

Maurice R. Bachlotte
Vice President
Southeastern Region

CIPM Reports . . .

A Management Society Is Established In Guatemala

"ONE OF THE chief purposes of an organization of professional men is to provide them with an opportunity to exchange views and experiences on problems and developments in their fields of activity. . . . The modern management movement is a phenomenon of perhaps the last twenty-five years in the United States . . . It is (now) under way in Latin America and will flourish (there) as elsewhere because there is a need and desire for it," stated Arvid L. Frank, formerly Director of International Relations at the National Association of Manufacturers, on his return from a two-month CIPM-ICA assignment in Guatemala. The objective of Mr. Frank's mission was to assist in the organization of a management association in that country, so that management leaders there would have a forum in which to carry on the exchange of ideas and experiences that managers in this country have found to be such an important part of the continuing educational process of a businessman.

Mr. Frank began by contacting Guatemalan industry, banking, and government leaders in order to follow up the interest in the creation of a management association which had been started by a CIPM-ICA Top Management Seminar Team in November of 1956. The idea of establishing such an association met with differing reactions, varying from skepticism on the part of the more conservative elements of the business community, reservations on the part of some as to whether or not Guatemala was ready for such an organization, to enthusiastic endorsement among a growing group of alert business leaders. In conjunction, then, with local supporters of the idea, Mr. Frank drew up the program for the association, whose full name is the Instituto Guatemaleco de Ciencias Administrativas, together with a proposed constitution and by-laws.

The first two meetings of the Instituto were held in March, and the results were twofold: a small subcommittee on the constitution and by-laws was appointed, and an interim program was approved, which set forth the basic aims of the association and established dates for subsequent meetings. Initial plans for the Instituto call for a membership of about 60 who will contribute from $3,000 to $4,000 in dues for its first year, with the immediate objective of increasing the membership to 100 and its annual income to $10,000.

At the first management conference of the Instituto, a paper on "The Principles of Modern Management" was presented to an audience of 45 Guatemalan business leaders, and Mr. Frank reports that "the discussion following the presentation left little doubt that Guatemalans are ready to exchange management ideas." Shortly afterwards, a second conference was held at which a paper on "Employer-Employee Relations" was given, and again, a lively discussion followed the paper. A further meeting on this subject is now planned, as it is one of great interest to Guatemalan business leaders. Subsequent conferences on this subject will include discussions of selection and training, and upon the return of a Guatemalan management team now in the United States, a full program of meetings on this subject will be planned for the summer and fall. Guatemalans who hold executive positions in branches of U. S. firms in the country are expected to take a large part in the program of the new Instituto, as they are able, in Mr. Frank's words, "to discuss management practices as developed by these (U. S.) principles in terms of Guatemalan realities."

In its early days, the Instituto will benefit from the technical advice of a Guatemalan management consultant, who is a member of a number of U. S. management associations and who will serve the Instituto in an advisory capacity without pay.

When the constitution and by-laws have been formally approved, and when directors and officers have been elected and membership and dues solicitation begun, the Instituto hopes to expand its program to include a two or three day conference, and at the end of the year, small group meetings at which specialized topics which are not of sufficiently general interest to merit the attention of a large-scale conference will be discussed. Academic representation in the Instituto is in the hands of the head of the Economics Department of San Carlos University, and future plans call for the establishment of a School of Business Administration at the University. ■

Jane Dustan
Editor, CIPM